

HOUSE BILL No. 1483

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-21-2; IC 6-3.5-8; IC 6-6-5-10.

Synopsis: Local option education income tax. Establishes an optional school district education income tax that applies to individuals and to corporations that are subject to the supplemental net income tax. Provides that each school income tax district is comprised of the school corporations that have their budgets reviewed in the same county. Allows school corporations in a district to collectively impose an individual income tax at a rate of not less than 0.5% and not more than 1%. Includes a corporate school income tax at a rate of not less than 0.5% and not more than 1% applied to a corporation's supplemental net income, which is apportioned using the ratio of the corporation's assessed value of property in the county to the assessed value of all the corporation's property in Indiana. Uses the income tax revenue for property tax replacement credits. Provides that the property tax reduction does not affect the 20% property tax replacement credit paid by the state. Provides that for purposes of computing and distributing excise taxes, distributions under the education income tax that are used as property tax replacement credits shall be treated as property taxes.

Effective: Upon passage.

Oxley

January 11, 2001, read first time and referred to Committee on Ways and Means.



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Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1483

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-21-2 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. As used in this
3 chapter:
4 (a) "Taxpayer" means a person who is liable for taxes on property
5 assessed under this article.
6 (b) "Taxes" means taxes payable in respect to property assessed
7 under this article. The term does not include special assessments,
8 penalties, or interest, but does include any special charges which a
9 county treasurer combines with all other taxes in the preparation and
10 delivery of the tax statements required under IC 6-1.1-22-8(a).
11 (c) "Department" means the department of state revenue.
12 (d) "Auditor's abstract" means the annual report prepared by each
13 county auditor which under IC 6-1.1-22-5 is to be filed on or before
14 March 1 of each year with the auditor of state.
15 (e) "Mobile home assessments" means the assessments of mobile
16 homes made under IC 6-1.1-7.
17 (f) "Postabstract adjustments" means adjustments in taxes made

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subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract adjustments which change the amount of the aggregate levy; minus

(B) the sum of any increases in property tax levies of taxing units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(5) and IC 6-1.1-18.5-13(6) filed after December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing units of the county that result from any other appeals described in IC 6-1.1-18.5-13 filed after December 31, 1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and delinquent children who are wards of the county); minus

(C) the total amount of property taxes imposed for the stated assessment year by the taxing units of the county under the authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed), IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the stated assessment year that will be used to pay for interest or principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of building, repairing, or altering school buildings for which the requirements of IC 20-5-52 were satisfied prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the stated assessment year under the authority of IC 21-2-6 (**repealed**) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(F) the remainder of:

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(i) the total property taxes imposed in the county for the stated assessment year under authority of IC 21-2-6 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the 1984 stated assessment year under the authority of IC 21-2-6 **(repealed)** or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus

(G) the amount of property taxes imposed in the county for the stated assessment year under:

- (i) IC 21-2-15 for a capital projects fund; plus
- (ii) IC 6-1.1-19-10 for a racial balance fund; plus
- (iii) IC 20-14-13 for a library capital projects fund; plus
- (iv) IC 20-5-17.5-3 for an art association fund; plus
- (v) IC 21-2-17 for a special education preschool fund; plus
- (vi) an appeal filed under IC 6-1.1-19-5.1 for an increase in a school corporation's maximum permissible general fund levy for certain transfer tuition costs; plus
- (vii) an appeal filed under IC 6-1.1-19-5.4 for an increase in a school corporation's maximum permissible general fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19, including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5(a) STEP ONE or any other law; minus

(I) for each township in the county, the lesser of:

- (i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE or IC 6-1.1-18.5-19(b) STEP THREE, whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(5) filed after December 31, 1982; or
- (ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of IC 36-8-13-4; minus

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(J) for each participating unit in a fire protection territory established under IC 36-8-19-1, the amount of property taxes levied by each participating unit under IC 36-8-19-8 and IC 36-8-19-8.5 less the maximum levy limit for each of the participating units that would have otherwise been available for fire protection services under IC 6-1.1-18.5-3 and IC 6-1.1-18.5-19 for that same year; minus

(K) for each county, the sum of:

(i) the amount of property taxes imposed in the county for the repayment of loans under IC 12-19-5-6 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or for property taxes payable in each year after 1995, the amount determined under IC 12-19-7-4(b); and

(ii) the amount of property taxes imposed in the county attributable to appeals granted under IC 6-1.1-18.6-3 that is included in the amount determined under IC 12-19-7-4(a) STEP SEVEN for property taxes payable in 1995, or the amount determined under IC 12-19-7-4(b) for property taxes payable in each year after 1995; plus

(2) all taxes to be paid in the county in respect to mobile home assessments currently assessed for the year in which the taxes stated in the abstract are to be paid; plus

(3) the amounts, if any, of county adjusted gross income taxes that were applied by the taxing units in the county as property tax replacement credits to reduce the individual levies of the taxing units for the assessment year, as provided in IC 6-3.5-1.1; plus

(4) the amounts, if any, by which the maximum permissible ad valorem property tax levies of the taxing units of the county were reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated assessment year; plus

(5) the difference between:

(A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR; minus

(B) the amount the civil taxing units' levies were increased because of the reduction in the civil taxing units' base year certified shares under IC 6-1.1-18.5-3(e); plus

(6) the amounts, if any, of education income taxes that were applied by school corporations in the county as property tax replacement credits to reduce the individual levies of the school corporations in the county for the assessment year, as provided in IC 6-3.5-8.

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(h) "December settlement sheet" means the certificate of settlement filed by the county auditor with the auditor of state, as required under IC 6-1.1-27-3.

(i) "Tax duplicate" means the roll of property taxes which each county auditor is required to prepare on or before March 1 of each year under IC 6-1.1-22-3.

SECTION 2. IC 6-3.5-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 8. School Income Tax District Education Income Tax

Sec. 1. As used in this chapter, "adjusted gross income" has the meaning set forth in IC 6-3-1-3.5(a).

Sec. 2. As used in this chapter, "ADM", for a specified calendar year, refers to the average daily membership of a school corporation for the school year ending in that calendar year (as defined in IC 21-3-1.6-1.1).

Sec. 3. As used in this chapter, "apportioned net income" means net income (as defined in IC 6-3-8-2) multiplied by:

(1) the assessed value of all property of a corporation that is:

(A) taxable under IC 6-1.1; and

(B) located in the school income tax district; divided by

(2) the assessed value of all property of the corporation that is:

(A) taxable under IC 6-1.1; and

(B) located in Indiana.

Sec. 4. As used in this chapter, "corporate taxpayer" means a corporation that has net income for the taxable year under IC 6-3-8.

Sec. 5. As used in this chapter, "county auditor" refers to the auditor of the county in which the school corporation has its budget reviewed.

Sec. 6. As used in this chapter, "county treasurer" refers to the treasurer of the county in which the school corporation has its budget reviewed.

Sec. 7. As used in this chapter, "department" refers to the department of state revenue.

Sec. 8. As used in this chapter, "individual taxpayer" means an individual who resides in the school income tax district on the date specified in section 28 of this chapter.

Sec. 9. As used in this chapter, "school corporation" means a public school corporation established by Indiana law.

Sec. 10. (a) School income tax districts are established

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throughout Indiana. Each district is composed of those school corporations that have their budgets reviewed in the same county. An education income tax council is established in each school income tax district. The membership of each education income tax council consists of the governing body of each school corporation that is a member of the district.

(b) Using procedures described in this chapter, an education income tax council may, by majority vote, adopt ordinances to:

- (1) impose;
- (2) rescind;
- (3) increase; or
- (4) decrease;

the education income tax rate for the school income tax district.

Sec. 11. Each education income tax council has a total of one hundred (100) votes. Each member of the education income tax council is allocated a percentage of the total one hundred (100) votes that may be cast. The percentage that a school corporation is allocated for a year equals the same percentage that the ADM of the school corporation bears to the sum of each school corporation's ADM for all school corporations in the school income tax district. Before January 2 of each year, the county auditor shall certify to each member of the education income tax council the number of votes, rounded to the nearest one-hundredth (0.01), that the member has for that year.

Sec. 12. (a) A member of an education income tax council may exercise the member's votes by passing a resolution and transmitting the resolution to the county auditor. However, in the case of an ordinance to impose, rescind, increase, or decrease the rate of the education income tax, the member must transmit the resolution to the county auditor by the appropriate time described in section 17, 18, or 19 of this chapter. The form of a resolution is as follows:

"The _____ (name of the school corporation) casts its _____ votes _____ (for or against) the proposed ordinance of the _____ Education Income Tax Council, which reads as follows:".

(b) A resolution passed by a member of an education income tax council exercises all votes of the member on the proposed ordinance. Those votes may not be changed during the year.

Sec. 13. Any member of an education income tax council may present an ordinance for passage. To do so, the member must pass a resolution to propose the ordinance to the education income tax



council and distribute a copy of the proposed ordinance to the county auditor. The county auditor shall treat a proposed ordinance presented to the county auditor under this section as a casting of all the member's votes in favor of that proposed ordinance. Subject to the limitations of section 14 of this chapter, the county auditor shall deliver copies of a proposed ordinance that the county auditor receives to all members of the education income tax council not later than ten (10) days after receipt of the proposed ordinance. Not later than thirty (30) days after each member has received a copy of the proposed ordinance, the county auditor shall convene a meeting of the education income tax council for the purpose of considering and voting on the proposed ordinance. The auditor of a county shall record all votes taken on the ordinance presented for a vote under the authority of this chapter and shall immediately send a certified copy of the results to the department by certified mail.

Sec. 14. (a) An education income tax council may pass only one (1) ordinance described in section 10(b)(1), 10(b)(2), 10(b)(3), or 10(b)(4) of this chapter in one (1) year. Whenever an ordinance described in section 10(b)(1), 10(b)(2), 10(b)(3), or 10(b)(4) of this chapter is passed, the county auditor shall do the following:

(1) Cease distributing proposed ordinances of those types for the rest of the year.

(2) Withdraw from the membership any other proposed ordinances of those types.

(b) Any votes subsequently received by the county auditor on proposed ordinances of those types during that same year are void.

(c) An education income tax council may not vote on and the county auditor may not distribute to the members of the education income tax council a proposed ordinance during a year if previously during the same year the county auditor received and distributed to the members of the education income tax council a proposed ordinance that, if adopted, would have substantially the same effect.

Sec. 15. (a) Before a member of an education income tax council may propose an ordinance or vote on a proposed ordinance, the member must hold a public hearing on the proposed ordinance and provide the public with notice of the time and place that the public hearing will be held.

(b) The notice required by subsection (a) must be given in accordance with IC 5-3-1.

(c) The form of the notice required by this section must be in



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substantially the following form:

**"NOTICE OF
SCHOOL INCOME TAX DISTRICT
EDUCATION INCOME TAX
ORDINANCE VOTE**

The board of the _____ (insert name of school corporation) hereby declares that on _____ (insert date) at _____ (insert the time of day) a public hearing will be held at _____ (insert location) concerning the following resolution to propose an ordinance (or consider a proposed ordinance) that is before the members of the education income tax council. Members of the public are invited to attend the hearing for the purpose of expressing their views."

(Insert a copy of the proposed ordinance or the resolution to propose an ordinance.)

Sec. 16. (a) An education income tax council may impose an education income tax, which consists of a tax on the adjusted gross income of individual taxpayers and on the apportioned supplemental net income of corporations. If the tax is imposed, the tax takes effect July 1 of the year that the ordinance imposing the tax is adopted.

(b) The tax on individual taxpayers and on corporate taxpayers may be imposed at a rate of not less than one-half of one percent (0.5%) and not greater than one percent (1%). The rate applies to the adjusted gross income of the school income tax district's individual taxpayers and to the apportioned net income of the district's corporate taxpayers. The rate must be the same for individual taxpayers and for corporate taxpayers.

Sec. 17. (a) To impose the education income tax, an education income tax council must, after January 1 but before May 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ Education Income Tax Council imposes the education income tax on the individual taxpayers and corporate taxpayers of the _____ (insert name of county) school income tax district. The education income tax consists of an individual income tax and a corporate surtax. The income tax is imposed at a rate of _____ percent (____%) on the individual taxpayers and corporate taxpayers of the school income tax district. The income tax takes effect July 1 of this year."

(b) An ordinance adopted under this section takes effect July 1

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of the year the ordinance is adopted.

Sec. 18. (a) An education income tax council may increase or decrease the education income tax rate imposed on individual taxpayers and corporate taxpayers. To increase or decrease the rate, the education income tax council must, after January 1 but before May 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ Education Income Tax Council increases (or decreases) the education income tax rate. The income tax rate imposed upon the individual taxpayers and on corporate taxpayers of the school income tax district is increased (or decreased) from (insert current rate) to (insert proposed rate). This education income tax rate increase (or decrease) takes effect July 1 of this year for individual taxpayers. The increased (or decreased) rate takes effect January 1 of next year for corporate taxpayers."

(b) An ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

Sec. 19. (a) The education income tax imposed by an education income tax council under this chapter remains in effect until rescinded.

(b) An education income tax council may rescind the education income tax by adopting an ordinance to rescind the tax after January 1 but before June 1 of a year.

(c) An ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

Sec. 20. If the education income tax is not in effect during an individual taxpayer's or a corporate taxpayer's entire taxable year, the amount of education income tax that the taxpayer owes for that taxable year equals the product of:

(1) the amount of education income tax the taxpayer would owe if the tax had been imposed during the taxpayer's entire taxable year; multiplied by

(2) a fraction. The numerator equals the number of days during the taxpayer's taxable year that the education income tax was in effect. The denominator equals the total number of days in the taxpayer's taxable year.

Sec. 21. (a) If, for a particular taxable year, an individual taxpayer is allowed, or an individual taxpayer and the individual taxpayer's spouse who file a joint return are allowed, a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code (as defined in IC 6-3-1-11), the individual taxpayer

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is entitled, or the individual taxpayer and the individual taxpayer's spouse are entitled, to a credit against their education income tax liability for that same taxable year. The amount of the credit equals the lesser of the following:

(1) The product of:

(A) the credit for the elderly or the totally disabled for the same taxable year; multiplied by

(B) a fraction. The numerator is the education income tax rate imposed against the individual taxpayer or the individual taxpayer and the individual taxpayer's spouse. The denominator is fifteen-hundredths (0.15).

(2) The amount of education income tax imposed on the individual taxpayer or the individual taxpayer and the individual taxpayer's spouse.

(b) If an individual taxpayer and the individual taxpayer's spouse file a joint return and are subject to different education income tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided in subsection (a), except that they shall use the average of the two (2) education income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B).

Sec. 22. (a) A special account within the state general fund shall be established for each school income tax district adopting the education income tax. Revenue derived from the imposition of the education income tax by a school income tax district shall be deposited in that school income tax district's account in the state general fund.

(b) Income earned on money held in an account under subsection (a) becomes a part of that account.

(c) Revenue remaining in an account established under subsection (a) at the end of a state fiscal year does not revert to the state general fund.

Sec. 23. (a) Revenue derived from the imposition of the education income tax shall, in the manner prescribed by this section, be distributed to the county in which the budgets for the school corporations comprising the school income tax district are reviewed by the state board of tax commissioners. The amount to be distributed to a county during a calendar year equals the amount of education income tax revenue that the department, after reviewing the recommendation of the budget agency, estimates will be received from the school income tax district during the twelve (12) month period beginning July 1 of the immediately preceding



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1 calendar year and ending June 30 of that calendar year.

2 (b) Before July 2 of each calendar year, the department, after
3 reviewing the recommendation of the budget agency, shall estimate
4 and certify to the county auditor of each adopting school income
5 tax district the amount of education income tax revenue that will
6 be collected from the school income tax district during the twelve
7 (12) month period beginning July 1 of the calendar year and
8 ending June 30 of the immediately succeeding calendar year. The
9 amount certified is the school income tax district's certified
10 distribution for the immediately succeeding calendar year. The
11 amount certified may be adjusted under subsection (c) or (d).

12 (c) The department may certify to an adopting school income
13 tax district an amount that is greater than the estimated twelve
14 (12) month revenue collection if the department, after reviewing
15 the recommendation of the budget agency, determines that there
16 will be a greater amount of revenue available for distribution from
17 the school income tax district's account established by section 22 of
18 this chapter.

19 (d) The department may certify an amount less than the
20 estimated twelve (12) month revenue collection if the department,
21 after reviewing the recommendation of the budget agency,
22 determines that a part of the revenue collection needs to be
23 distributed during the current calendar year so that the school
24 income tax district will receive the school income tax district's full
25 certified distribution for the current calendar year.

26 Sec. 24. (a) One-half (1/2) of each adopting school income tax
27 district's certified distribution for a calendar year shall be
28 distributed from the school income tax district's account
29 established by section 22 of this chapter to the appropriate county
30 treasurer before May 1 and the other one-half (1/2) shall be
31 distributed before November 1 of the calendar year.

32 (b) Distributions made to a county treasurer under subsection
33 (a) shall be treated as though they were property taxes that were
34 due and payable during that same calendar year.

35 (c) All distributions from an account established by section 22
36 of this chapter shall be made by warrants issued by the auditor of
37 state to the treasurer of state ordering the appropriate payments.

38 Sec. 25. The certified distribution received by a county treasurer
39 shall be allocated as property tax replacement credits under
40 section 26 of this chapter.

41 Sec. 26. (a) The county auditor shall distribute among the school
42 corporations of the school income tax district the school income tax

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1 district's certified distribution for the calendar year. The amount
 2 that the county auditor shall allocate to a school corporation for
 3 property tax replacement credits is equal to the amount
 4 determined under STEP THREE of the following formula:

5 STEP ONE: Determine the amount of the certified
 6 distribution available for distribution in the calendar year.

7 STEP TWO: Determine the percentage of votes that the
 8 school corporation is allocated for the calendar year under
 9 section 11 of this chapter.

10 STEP THREE: Multiply the STEP ONE amount by the STEP
 11 TWO percentage.

12 (b) The property tax replacement credits described in
 13 subsection (a) shall be allocated among each fund for which a
 14 distinct property tax levy is imposed. The amount that must be
 15 allocated to each fund equals:

16 (1) the amount determined under STEP THREE of subsection
 17 (a) for the school corporation; multiplied by

18 (2) the amount determined in STEP THREE of the following
 19 formula:

20 STEP ONE: Determine the property taxes collected for
 21 each fund by the school corporation during that calendar
 22 year.

23 STEPTWO: Determine the sum of the total property taxes
 24 collected for all funds by the school corporation.

25 STEP THREE: Divide the STEP ONE amount by the
 26 STEP TWO amount.

27 The state board of tax commissioners shall certify to the auditor of
 28 each county in which a school corporation is located the property
 29 tax rate applicable to each fund after the property tax replacement
 30 credits have been allocated.

31 (c) If a school corporation within an adopting school income tax
 32 district does not impose a property tax levy for a particular fund
 33 that is first due and payable in a calendar year in which property
 34 tax replacement credits are being distributed, the school
 35 corporation is not required to allocate to that fund a part of the
 36 property tax replacement credits to be distributed to the school
 37 corporation.

38 (d) The state board of tax commissioners shall provide each
 39 county auditor with the amount of property tax replacement
 40 credits that each school corporation in the auditor's school income
 41 tax district is entitled to receive. The county auditor shall then
 42 certify to each school corporation the amount of property tax

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1 replacement credits the school corporation is entitled to receive
 2 during that calendar year. The county auditor shall also certify the
 3 distributions to the county treasurer.

4 **Sec. 27.** A school corporation shall treat property tax
 5 replacement credits that the school corporation receives or is to
 6 receive during a particular calendar year as a part of the school
 7 corporation's property tax levy for each fund for that same
 8 calendar year for purposes of fixing the school corporation's
 9 budget and for purposes of the property tax levy limits imposed by
 10 IC 6-1.1-19. However, the credits do not reduce the total county tax
 11 levy that is used to compute the state property tax replacement
 12 credit under IC 6-1.1-21. In addition, for purposes of computing
 13 and distributing the excise taxes under IC 6-6-5, distributions that
 14 are used as property tax replacement credits shall be treated as
 15 though they were property taxes that were due and payable during
 16 that same calendar year.

17 **Sec. 28. (a)** For purposes of this chapter, an individual shall be
 18 treated as an individual taxpayer of the school income tax district
 19 in which the individual:

- 20 (1) maintains a residence, if the individual maintains only one
- 21 (1) residence in Indiana;
- 22 (2) if subdivision (1) does not apply, registers to vote;
- 23 (3) if subdivision (1) or (2) does not apply, registers the
- 24 individual's personal automobile; or
- 25 (4) if subdivision (1), (2), or (3) does not apply, spends the
- 26 majority of the individual's time in Indiana during the taxable
- 27 year in question.

28 (b) Whether an individual is an individual taxpayer is
 29 determined on January 1 of the calendar year in which the
 30 individual's taxable year commences. If an individual changes the
 31 location of the individual's residence to another school income tax
 32 district in Indiana during a calendar year, the individual's liability
 33 for education income tax is not affected.

34 **Sec. 29. (a)** Except as otherwise provided in this chapter, all
 35 provisions of the adjusted gross income tax law (IC 6-3)
 36 concerning:

- 37 (1) definitions;
- 38 (2) declarations of estimated tax;
- 39 (3) filing of returns;
- 40 (4) remittances;
- 41 (5) incorporation of the provisions of the Internal Revenue
- 42 Code;



1 (6) penalties and interest;

2 (7) exclusion of military pay credits for withholding; and

3 (8) exemptions and deductions;

4 apply to the imposition, collection, and administration of the tax
5 imposed by this chapter. The education income tax is a listed tax
6 and an income tax for purposes of IC 6-8.1.

7 (b) The provisions of IC 6-3-1-3.5(a)(5), IC 6-3-3-3, IC 6-3-3-5,
8 and IC 6-3-5-1 do not apply to the tax imposed by this chapter.

9 (c) Each employer shall report to the department the amount of
10 withholdings attributable to each school income tax district. This
11 report shall annually be submitted with the employer's withholding
12 report.

13 **Sec. 30. Before February 1 of each year, the department shall**
14 **submit a report to each county treasurer indicating the balance in**
15 **the school income tax district's education income tax account at the**
16 **end of the preceding year. The county treasurer shall forward a**
17 **copy of the report to each school corporation in the school income**
18 **tax district.**

19 SECTION 3. IC 6-6-5-10, AS AMENDED BY P.L.273-1999,
20 SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
21 UPON PASSAGE]: Sec. 10. (a) The bureau shall establish procedures
22 necessary for the collection of the tax imposed by this chapter and for
23 the proper accounting for the same. The necessary forms and records
24 shall be subject to approval by the state board of accounts.

25 (b) The county treasurer upon receiving the excise tax collections
26 shall receipt such collections into a separate account for settlement
27 thereof at the same time as property taxes are accounted for and settled
28 in June and December of each year, with the right and duty of the
29 treasurer and auditor to make advances prior to the time of final
30 settlement of such property taxes in the same manner as provided in
31 IC 5-13-6-3.

32 (c) The county auditor shall determine the total amount of excise
33 taxes collected for each taxing unit in the county and the amount so
34 collected (and the distributions received under section 9.5 of this
35 chapter) shall be apportioned and distributed among the respective
36 funds of each taxing unit in the same manner and at the same time as
37 property taxes are apportioned and distributed. **For purposes of**
38 **computing and distributing the excise taxes under this chapter,**
39 **distributions under the education income tax under IC 6-3.5-8 that**
40 **are used as property tax replacement credits shall be treated as**
41 **though the distributions were property taxes that were due and**
42 **payable during that same calendar year. However, for purposes of**

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determining distributions under this section for 2000 and each year thereafter, the state welfare allocation for each county equals the greater of zero (0) or the amount determined under STEP FIVE of the following STEPS:

STEP ONE: For 1997, 1998, and 1999, determine the result of:

(i) the amounts appropriated by the county in the year from the county's county welfare fund and county welfare administration fund; divided by

(ii) the total amounts appropriated by all the taxing units in the county in the year.

STEP TWO: Determine the sum of the results determined in STEP ONE.

STEP THREE: Divide the STEP TWO result by three (3).

STEP FOUR: Determine the amount that would otherwise be distributed to all the taxing units in the county under this subsection without regard to this subdivision.

STEP FIVE: Determine the result of:

(i) the STEP FOUR amount; multiplied by

(ii) the STEP THREE result.

The state welfare allocation shall be deducted from the total amount available for apportionment and distribution to taxing units under this section before any apportionment and distribution is made. The county auditor shall remit the state welfare allocation to the treasurer of state for deposit in a special account within the state general fund.

(d) Such determination shall be made from copies of vehicle registration forms furnished by the bureau of motor vehicles. Prior to such determination, the county assessor of each county shall, from copies of registration forms, cause information pertaining to legal residence of persons owning taxable vehicles to be verified from his records, to the extent such verification can be so made. He shall further identify and verify from his records the several taxing units within which such persons reside.

(e) Such verifications shall be done by not later than thirty (30) days after receipt of vehicle registration forms by the county assessor, and the assessor shall certify such information to the county auditor for his use as soon as it is checked and completed.

SECTION 4. An emergency is declared for this act.



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